

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

In re:

SUNG HOON PARK,

Debtor.

Case No. 14-10474-BFK

Chapter 7

**MOTION FOR A RULE TO SHOW CAUSE
AGAINST ATTORNEY PATRICK R. BLASZ**

Comes Now, Judy A. Robbins, United States Trustee, and moves the Court to enter a Rule to Show Cause against Patrick R. Blaszc, for him to show cause, if any can be shown, why he should not be held in civil contempt and sanctioned accordingly for his professional conduct in this case. In light of the repeated conduct by Mr. Blaszc over multiple cases, the U.S. Trustee contends a monetary sanction of \$1,000 and a suspension from practice before this Court of not less than six months is appropriate. In the event a sanction is ordered, the Court should also order Mr. Blaszc to report the result to the Virginia State Bar. In support of this motion the following representations are made:

1. This court has authority to hear and decide this matter. 28 U.S.C. §1334.
2. This is a core proceeding. 28 U.S.C. §157.

Statement of Facts

Mr. Blaszc Filed This Case in Violation of a Court Order

3. On February 10, 2014, Sung Hoon Park (the “debtor”) filed a voluntary petition under chapter 7 of the Bankruptcy Code. Case 14-10474, Dkt. No. 1. The petition was signed and filed by Patrick R. Blaszc, Esq. *Id.* The debtor’s schedules and statement of financial affairs were filed the same day. *Id.*

4. This is the fourth case filed by Sung Hoon Park since 2010.¹ All of these cases listed the debtor's address as 14702 Deer Lake Court, Centerville, VA 20120(the "Deer Lake" property) which is located in Fairfax County Virginia

5. His most recent, previous case was dismissed with prejudice on December 4, 2013. The dismissal order stated that the debtor may not file another case until 30 days after the foreclosure on the debtor's home is fully completed with a deed recorded and the debtor has vacated the property. Case 13-14573, Dkt. No. 23.

6. Despite that order, the schedules for this case indicate that the debtor is still living at the Deer Lake property and that no foreclosure took place. The Deer Lake property is still listed on the debtor's Schedule A, and no foreclosure or transfer of property was disclosed on the debtor's Statement of Financial Affairs in response to questions 5 and 10. Case 14-10474, Dkt. No. 24 at 25, 26.

7. On March 20, 2014 the first meeting of creditors pursuant to 11 U.S.C. § 341(a) was conducted in this case, with the chapter 7 trustee Janet Meiburger, presiding. A Korean interpreter was used.

8. At the § 341(a) meeting, the debtor was questioned about the Deer Lake property. The debtor testified that his understanding was that the property had not been foreclosed upon yet and stated that he was still living in the property.

9. According to the statement of financial affairs filed with the petition, Patrick R. Blas received no payments from the debtor, or on behalf of the debtor, within one year immediately preceding the commencement of this case. *Id.* at 25. According to the 2016(b) statement filed with the petition, Patrick R. Blas had agreed to accept no money in connection

¹These were case numbers 10-19039-SSM; 11-11787-RGM; 13-12812-BFK; and 13-14573-RGM, all of which were filed before this Court.

to this case, had received no money in connection to this case, and there was no balance owed by the debtor. *Id.* at 32.

10. However, the debtor testified at the § 341(a) meeting that he had not paid counsel yet and did not know how much he was going to pay Mr. Blaszc because he had not talked with him about his service fee yet.

In the Beverly Jenkins Case, Mr. Blaszc also Filed Without Doing Due Diligence Beforehand

11. Mr. Blaszc has failed to investigate the facts of matters before filing a bankruptcy petition in previous cases. In the Beverly Terry Jenkins case, the United States Trustee filed a Motion to Examine Debtor's Transactions with Debtor's Attorney. Case 12-17005, Dkt. No. 11.

12. In that case, Mr. Blaszc filed a bankruptcy petition on behalf of clients that had already waived their discharges in a previous case, resulting in only a few hundred dollars of debt that would have been dischargeable in the case that Mr. Blaszc filed.

13. In the U.S. Trustee's view this filing served no purpose and so any compensation received by Mr. Blaszc would have been unreasonable. Therefore, the U.S. Trustee filed her motion to determine the amount of compensation Mr. Blaszc received and to order an appropriate disgorgement, if warranted.

14. Ms. Jenkins testified in that matter that no compensation was paid to Mr. Blaszc in that matter and the case was eventually dismissed.

In the Waters' Edge Restaurant Case, Mr. Blaszc Also Failed to Obey an Order of This Court and Failed to Disclose His Compensation

15. Similarly, Mr. Blaszc failed to obey this Court's orders and disclose his compensation in the chapter 11 case of Waters' Edge Restaurant, LLC.

16. In that case, Mr. Blaszc failed to file an employment application and failed to file a 2016(b) statement. *See* Case 13-10867, Dkt. No. 28.

17. Due to the failure to file these required documents, the United States Trustee filed a Motion to Examine Debtor's Transactions with Debtor's Attorney. Case 13-10867, Dkt. No. 45.

18. This motion was granted on July 18, 2013 with this Court requiring Mr. Blaszczyk to file within fourteen days of the entry of the order "a disclosure of compensation of attorney for debtor on form 203B" and to "file a description of the services rendered, the time expended, and the expenses incurred in connection with this case." Case 13-10867, Dkt. No. 55.

19. Despite this Court order, these documents were never filed in this case.

Memorandum

The U.S. Trustee believes Mr. Blaszczyk's conduct in this case falls below that of a competent attorney admitted to practice before this Court and that sanctions under § 105 of the bankruptcy code are warranted. Here, considering the pattern of conduct over multiple cases, the U.S. Trustee submits that a monetary sanction of no less than \$1,000 and a suspension from practice before this Court of not less than six months is appropriate. In the event that a sanction is imposed, this Court should order Mr. Blaszczyk to certify that any sanction has been reported to the Virginia State Bar.²

The Court has the inherent authority to impose sanctions to protect the integrity of the bankruptcy system. 11 U.S.C. § 105; *In re Computer Dynamics, Inc.*, 253 B.R. 693 (Bankr. E.D. VA 2000); *In re Smith*, 257 B.R. 344 (Bankr. N.D. Ala 2001). Courts have broad discretion in selecting appropriate contempt sanctions and also possess "the inherent authority to disbar or suspend lawyers from practice." *In re Evans*, 801 F.2d 703, 706 (4th Cir.1986). A bankruptcy court may take any action or make any determination necessary or appropriate to enforce or

² Virginia Rule of Conduct 8.3(e)(1) requires this reporting to be made. However, requiring Mr. Blaszczyk to certify that the sanction has been reported will help ensure compliance.

implement court orders or rules, or to prevent an abuse of process. 11 U.S.C. § 105(a).

Here, the facts indicate that this case was filed in violation of a previous Court order and that Mr. Blaszczyk, either filed the case knowing that the filing violated this Court's orders, or at the very least, did not perform reasonable due diligence prior to filing.³ As an attorney who has practiced before this court since 2008 Mr. Blaszczyk would be familiar with looking up the past bankruptcy filings of a debtor in the CM/ECF System and reviewing the orders entered in those cases.⁴ This was the debtor's fifth filing in three years and, as an experienced bankruptcy attorney, Mr. Blaszczyk should have been on notice that one of those previous cases may have been dismissed with prejudice.

Furthermore, this is not the first time that Mr. Blaszczyk has failed to exercise reasonable diligence prior to the filing of a bankruptcy case. The Beverly Jenkins case should never have been filed since there was essentially no benefit to the debtor in filing the case. This also not the first time that Mr. Blaszczyk has failed to obey a Court order in an important matter. In the Waters' Edge case issues involving his compensation were raised and, despite an order of the Bankruptcy Court, Mr. Blaszczyk never filed the documents required to be filed by every attorney for a debtor to allow this Court to fulfill its duty to review attorney compensation.

The testimony at the § 341(a) meeting in this case illustrates the importance of accurately disclosing attorney compensation. Here, Mr. Blaszczyk filed a 2016(b) statement, in which he indicated that he agreed to accept \$0 for providing legal service and that no balance is due from the debtor. But his client's testimony at the § 341(a) meeting, indicated that in fact the debtor intended to pay compensation to Mr. Blaszczyk, but they had yet to reach an agreement on what that

³ Rule 1.3 of the Virginia Rules of Professional Conduct requires lawyers to act with reasonable diligence in representing a client.

⁴ The Court's records indicate that Mr. Blaszczyk has appeared as counsel in 48 cases since 2008.

compensation would be.

It is difficult to see how Mr. Blaszc could meet the standard for disinterestedness required for employment as debtor's counsel by § 327(a) with this arrangement. It is also unclear whether Mr. Blaszc discussed with his client whether this fee for legal services would be discharged by the debtor's bankruptcy filing or if Mr. Blaszc could provide this advice without encountering a conflict of interest. At the very least, Mr. Blaszc appears to have filed with the Court a 2016(b) statement that was false – conduct which this Court could also appropriately sanction pursuant to its inherent authority under § 105. In light of the repeated pattern of conduct in this case, the U.S. Trustee submits that a monetary sanction and a suspension of practice would be warranted.

Therefore, the United States Trustee moves the Court to enter a Rule to Show Cause against Patrick R. Blaszc, Esq. to show cause, if any can be shown, why he should not be held in civil contempt and sanctioned accordingly. The U.S. Trustee submits that a monetary sanction of at least \$1,000 and a suspension from practice before this Court of not less than six months would be appropriate. This Court should also order Mr. Blaszc to report any sanction he receives to the Virginia State Bar.

March 24, 2014

JUDY A. ROBBINS
U.S. TRUSTEE, REGION 4

By: /s/ Bradley D. Jones
Bradley D. Jones (VSB No. 85095)
Trial Attorney
Office of United States Trustee
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CERTIFICATE OF SERVICE

I hereby certify that on March 24, 2014, a true copy of this motion, notice of motion, and proposed order were served on the following persons by first class U.S. mail, or by notice of electronic filing:

Sung Hoon Park
14702 Deer Lake Court
Centreville, VA 20120
Debtor

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McLean, VA 22101-5726
Chapter 7 Trustee

Patrick R. Blaszc
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Debtor's Counsel

/s/Bradley D. Jones
Bradley D. Jones
Trial Attorney